


Memorandum



Date: April 30, 2019 (*Released August 5, 2019*)

To: Javier A. Betancourt, Executive Director
Office of the Citizens' Independent Transportation Trust (OCITT)


From: Cathy Jackson, Director
Audit and Management Services Department (AMS)

Subject: Final Audit Report – Charter County Transportation System Surtax Review –
City of Homestead

PURPOSE AND SCOPE

We performed a review of the City of Homestead's use of Charter County Transportation System Surtax (Surtax) Proceeds remitted by Miami-Dade County (County) for the four years ended September 30, 2017. The primary objective was to ensure that Surtax Proceeds were used in compliance with the *Interlocal Agreement for Distribution, Use and Reporting of Charter County Transit System Surtax Proceeds Levied by Miami-Dade County (Interlocal Agreement)*, executed on July 10, 2007. Additionally, we assessed resolution of prior audit findings referenced in our Report dated September 30, 2014 (Exhibit I).

BACKGROUND

County Ordinance (Ordinance) No. 02-116, enacted on July 9, 2002, imposed a one-half of one percent Surtax on eligible sales transactions for Transportation-related projects. However, at least 20% of the Proceeds received by the County must be distributed to municipalities incorporated as of November 5, 2002, on a pro-rata basis using population statistics (Schedule IV). The Surtax Program is administered by the Citizens' Independent Transportation Trust (CITT), a group comprised of 15 members appointed by the Board of County Commissioners (BCC), County Mayor, and Miami-Dade League of Cities.

Pursuant to the *Interlocal Agreement*, the City of Homestead (City) must annually continue the same level of General Fund support for Transportation projects appropriated in its Fiscal Year (FY) 2002 Budget (Maintenance of Effort), which totaled \$1.2 million (Table I). Surtax monies may be used to develop, construct, equip, maintain, operate, or expand County-wide bus systems, fixed guideway rapid transit systems, roads, and bridges, as well as secure such bonds or pay debt service. Further, the City must apply at least 20% of the Proceeds to Transit-related projects, such as circulator buses, bus shelters, bus pullout bays, or other related infrastructure. *CITT Resolution 09-055*, adopted July 30, 2009, allows for the rollover of unspent Surtax funds for up to five years, provided the City's Five-Year Transportation Plan demonstrates how the funds will be used.

SUMMARY RESULTS

For the four years ended September 30, 2017, the City received \$9.9 million in Surtax Proceeds, earned investment and Trolley rental income of \$191,000, and claimed Transit and Transportation-related expenditures totaling \$16.7 million (Table I).

After adjusting claimed expenditures for the Maintenance of Effort (MOE) and ineligible amounts, the City had \$6.3 million in unspent Surtax Proceeds as of September 30, 2017, of which \$676,000 must be used for Transit projects. However, the *People's Transportation Plan (PTP) Fund* had only \$741,000 in *Cash and Investments* as of September 30, 2017 (Schedule I), a shortfall of \$5.6 million, primarily due to the disallowed parking garage costs of \$4.6 million (Schedule II). OCITT should consider suspending distribution of Surtax Proceeds until the funding deficiency is addressed.

Table I
Surtax Statistics

Description	Fiscal Year Ended September 30,				All Years
	2014	2015	2016	2017	
Maintenance of Effort	\$ 1,219,161	\$ 1,219,161	\$ 1,219,161	\$ 1,219,161	\$ 4,876,644
Revenues (Schedule I):					
Surtax Proceeds	\$ 2,354,015	\$ 2,519,902	\$ 2,669,792	\$ 2,340,603	\$ 9,884,312
Investment Income	89,100	67,928	29,617	1,684	188,329
Trolley Rentals	-	-	2,075	985	3,060
	<u>\$ 2,443,115</u>	<u>\$ 2,587,830</u>	<u>\$ 2,701,484</u>	<u>\$ 2,343,272</u>	<u>\$ 10,075,701</u>
Claimed Expenditures (Schedule II):					
Transit	\$ 447,554	\$ 546,743	\$ 4,028,996	\$ 1,719,874	\$ 6,743,167
Transportation	2,366,952	3,384,993	2,234,622	1,947,707	9,934,274
	<u>\$ 2,814,506</u>	<u>\$ 3,931,736</u>	<u>\$ 6,263,618</u>	<u>\$ 3,667,581</u>	<u>\$ 16,677,441</u>
Unspent Surtax Proceeds (Schedule III):					
Transit	\$ 877,307	\$ 915,942	\$ 887,040	\$ 675,692	
Transportation	3,433,230	3,351,248	4,501,238	5,646,858	
	<u>\$ 4,310,537</u>	<u>\$ 4,267,190</u>	<u>\$ 5,388,278</u>	<u>\$ 6,322,550</u>	
PTP Fund as of September 30th (Schedule I) :					
Cash and Investments	\$ 3,644,567	\$ 3,926,414	\$ 1,069,146	\$ 741,327	
Fund Balance	<u>\$ 4,149,610</u>	<u>\$ 4,135,012</u>	<u>\$ 1,909,857</u>	<u>\$ 1,039,578</u>	

Source: OCITT, City's Audited Financial Statements and General Ledgers

These and other findings are more fully discussed in the remainder of this Report. Excerpts from the City and OCITT Responses are incorporated herein, and the full text is included as Attachments I and II, respectively. Both entities took exception to AMS' disallowance of \$4.6 million in costs for the Multimodal Transit Center. Nonetheless, we maintain that the Parking Garage Project will primarily benefit the planned retail development, which would not be eligible for Surtax funding.

Based on our findings (unknown to the CITT Board at the time of OCITT's management decision) regarding allocating Surtax Proceeds to the Multimodal Center Parking Garage, we recommend

that the matter be forwarded to the CITT and BCC for review. Once the matter has been appropriately vetted and ratified, AMS will make any adjustments required to uphold the decisions of these oversight Boards.

We appreciate the courtesies and assistance extended to our staff during the audit process. Please contact G. Nancy McKee, Assistant Director, at (786) 469-5900, if you have any questions.

FINDINGS AND RECOMMENDATIONS

Multimodal Transit Center

The City is constructing a seven-story parking garage with 1,038 spaces within its new downtown Multimodal Transit Center (Multimodal Center), at an estimated cost of \$33.3 million. The Multimodal Center requires land acquisition, development, and construction of the garage, as well as 30,500 square feet of retail space, a transit ticket area, a Bus/Trolley stop and shelter, and an adjacent open public plaza. The Multimodal Center will provide parking for the larger Homestead Station Project, which will include a “cybrary” education center, an entertainment center with a 10-screen movie theater, restaurants, and 14 bowling lanes. The City intends to link the Multimodal Center with the South Dade Busway for daily use by Transit patrons.

The CITT Board met on December 16, 2015, and gave conditional approval for the use of Surtax funds for the Transit portion of the Multimodal Center, pursuant to *CITT Resolution 15-055*. The Resolution referred to a December 15, 2015 memorandum from the former OCITT Executive Director, which sets forth the following:

- The parking structure will be mixed-use and will service both Transit patrons and patrons accessing the full redevelopment project. The City and the Trust Executive Director will develop a specific allocation for the number of spaces to be used exclusively by the larger project and Surtax funds are not eligible for those spaces. A procedure to ensure that those spaces funded with Surtax funds are available for Transit patrons exclusively shall be developed. It is understood that spaces not used by Transit patrons may be used secondarily by other patrons during off peak, evenings and weekends.
- Property acquired for the project must be directly related to the Multimodal Center and not the larger redevelopment project. The City must follow all applicable laws and procedures in the acquisition of this property.
- Surtax funds are eligible for the Multimodal Center and associated parking. Surtax funds are not eligible for the larger redevelopment project.

Nonetheless, our review disclosed the following:

- On November 30, 2017, the former OCITT Executive Director issued a memorandum to the City, accepting the November 15, 2017 Homestead Station Parking Garage - Parking Study, suggesting 850 of the 1,038 parking spaces be designated for Transit patrons. Some portion of unused spaces could be released hourly, beginning at 11:00 A.M. The City claimed this Memorandum signified CITT approval to allocate 85% of Multimodal Center costs to Surtax monies. Based on the plans for the entire Development, it appears the parking spaces will be used primarily by persons patronizing the adjoining movie theater, bowling lanes, and restaurants (Attachment I, Pages 17-40). Further, procedures to ensure that spaces funded with Surtax Proceeds are exclusively available for Transit Patrons have not been established. Thus, use of Surtax monies for this Project should be revisited.
- The City began acquiring land for construction of the Multimodal Center in FY 2016. On September 24, 2017, the City issued \$31.44 million Taxable Transportation System Revenue Bonds to finance the construction. The City plans to use Surtax monies to fund \$1.4 million (78%) of the annual debt service totaling \$1.8 million, beginning in FY 2018. We are concerned that the City issued the Bonds prior to OCITT formally accepting the allocation methodology proposed for designating the Transit parking spaces. As mentioned previously, our review indicates the Center's parking spaces will primarily benefit the Homestead Station Project's retail establishments, rather than Transit patrons, and should not be eligible for Surtax monies.

As shown in Schedule II, the City claimed \$4.1 million of Multimodal Center land acquisition costs, and \$514,000 of professional fees, during the audit period. Based on our concerns that the Center will primarily be used for retail parking, those costs have been disallowed.

Recommendation

Based on the foregoing, the CITT Board and BCC should assess the merits of allocating Surtax monies to the Multimodal Center.

City's Response

The CITT Board authorized former Executive Director Scurr to determine the percentage of Development Costs that may be paid for with Surtax Funds through its adoption of the CITT Resolution. Former Executive Director Scurr and the City established the 85% Allocation Methodology, and the City has acted on the Methodology.

The Audit Report fails to give due regard for the will of the CITT, as the body entrusted with the oversight of PTP funds, as well as the subject matter experts that have determined that the Transit Spaces to be provided in the Multimodal Station are needed.

OCITT's Response

The representations made by the City in its response reflect an accurate portrayal of the agreements and commitments made by the OCITT to the City, with respect to the City's use of its municipal surtax funds for costs associated with the Homestead Multimodal Station and Parking Facility ("Multimodal Station"). The City relied on these commitments to proceed with the development of the Multimodal Station, which is currently under construction, and would suffer undue harm if those commitments were not to be honored.

The Multimodal Station project will complement and support the South Dade Rapid Transit Corridor – a component of the Strategic Miami Area Rapid Transit (SMART) Plan – which has been officially designated as a priority transportation project by Miami-Dade County. Benefits of the project include the provision of abundant parking for transit patrons, as well as the inclusion of transit-supportive commercial uses that will help to generate transit trips.

The OCITT's agreements and commitments to the City were based on analysis by subject matter experts, and also by a general deference given to municipalities, consistent with the principles of democratic self-governance and home-rule, to best determine the most appropriate use of their surtax funds, so long as they fall within the established parameters and laws governing said use.

Pursuant to these findings, the OCITT agrees with the City that the use of their municipal surtax funds for development of the Multimodal Station is appropriate, and not subject to withholding or recapture of said funds. Consistent with past administrative practices, this determination by the OCITT is final, and requires no further action by the Citizens' Independent Transportation Trust or Board of County Commissioners.

AMS Rejoinder

We reaffirm that the 85% Surtax allocation is excessive, and merits review by both the CITT Board and the BCC. County Department Directors are generally not authorized to approve multi-million dollar contracts without County Mayor and BCC authorization. Similarly, the OCITT Executive Director should not approve an expenditure in excess of \$30 million that obligates Surtax monies without ratification by the CITT and BCC.

Use of Surtax Proceeds

As mentioned previously, the City recorded Surtax-related revenue of \$10.1 million, including investment income and Trolley rentals, for Surtax use, and claimed \$6.7 million and \$9.9 million in Transit and Transportation expenditures, respectively, during the audit period (Schedule II). At least 20% of the Surtax Proceeds, or \$2 million, must be used for Transit-related projects, including the operation of the City's Trolley system. During April 2017, the City purchased two Trolleys, with Federal and Surtax monies, giving them a total of six. The Trolley system operates daily along two fixed routes, with a third "National Parks" route added on weekends during the winter tourist season. Monthly ridership varied from 7,700 to 16,000 during the audit period, with an average of 11,500 during FY 2017. The 80% Transportation funds were used primarily for Citywide street improvement, paving, and street lighting.

Multimodal Center costs of \$4.6 million were disallowed, because the costs allocated for land acquisition and other related costs appear disproportionately high. After adjusting claimed expenditures for disallowed and MOE costs, Transit and Transportation funds totaling \$676,000 and \$5.6 million, respectively, were unspent and available for carryover as of September 30, 2017 (Schedule III). However, the *PTP Fund* had only \$741,000 in *Cash and Investments* as of September 30, 2017 (Schedule I), a shortfall of \$5.6 million.

Recommendation

The City must address the resulting \$5.6 million cash shortfall in the *PTP Fund* within 90 days.

City's Response

The City is utilizing Surtax Funds for the payment of the Total Developments Costs, in accordance with the directives of former Executive Director Scurr, and the 85% Allocation Methodology. Expenditures made in accordance with these authorizations should not be disallowed. The City has taken irreversible actions in direct reliance on the approvals and instructions of the CITT and Former Executive Director Scurr, including the issuance of bonds and execution of a contract for the construction of the Multimodal Station.

AMS Rejoinder

As mentioned earlier, it appears that the parking structure will primarily benefit the retail portion of the Homestead Station Project rather than Transit patrons. Therefore, absent the ratification of the OCITT Executive Director's decisions by the CITT Board and the BCC, we cannot permit use of Surtax monies for the Multimodal Center.

Reporting Requirements

The City submitted required compliance reports, but expenditures presented in Quarterly Reports did not always agree with the General Ledger.

Recommendation

The City should endeavor to submit accurate reports.

City's Response

The City endeavors to provide timely and accurate reports and has addressed those issues with AMS.

AMS Rejoinder

The City did address the timeliness of report submission, and that portion of the finding was removed. However, the City's Quarterly Reports differed significantly from its General Ledgers, and we reaffirm that finding.

CJ:bm

Attachments

- c: Honorable Harvey A. Ruvin, Clerk of the Courts
- Abigail Price-Williams, County Attorney
- Edward Marquez, Deputy Mayor
- Jennifer Moon, Deputy Mayor/Director, Office of Management and Budget
- George Gretsas, City Manager, City of Homestead

**Charter County Transportation System Surtax Review - City of Homestead
People's Transportation Plan Fund Financial Statements**

Balance Sheets				
Description	As of September 30,			
	2014	2015	2016	2017
Assets:				
Cash and Cash Equivalents	\$ 22,219	\$ 236,552	\$ 94,120	\$ 65,020
Investments	3,622,348	3,689,862	975,026	676,307
Interest Receivable on Investments	11,249	9,863	4,137	3,974
Accounts Receivable, Net	566,074	614,462	885,560	936,440
Prepaid Costs	-	-	-	500
Total Assets	<u>\$ 4,221,890</u>	<u>\$ 4,550,739</u>	<u>\$ 1,958,843</u>	<u>\$ 1,682,241</u>
Liabilities and Fund Balance:				
Accounts Payable and Accrued Liabilities	\$ 72,280	\$ 415,727	\$ 48,986	\$ 194,412
Unearned Revenue	-	-	-	448,251
Total Liabilities	<u>72,280</u>	<u>415,727</u>	<u>48,986</u>	<u>642,663</u>
Nonspendable Fund Balance	-	-	-	500
Restricted Fund Balance	<u>4,149,610</u>	<u>4,135,012</u>	<u>1,909,857</u>	<u>1,039,078</u>
Total Fund Balance	<u>4,149,610</u>	<u>4,135,012</u>	<u>1,909,857</u>	<u>1,039,578</u>
Total Liabilities and Fund Balance	<u>\$ 4,221,890</u>	<u>\$ 4,550,739</u>	<u>\$ 1,958,843</u>	<u>\$ 1,682,241</u>
Statements of Revenues, Expenditures, and Changes in Fund Balance				
Description	For the Fiscal Year Ended September 30,			
	2014	2015	2016	2017
Revenues:				
Surtax Proceeds ²	\$ 2,354,015	\$ 2,519,902	\$ 2,669,792	\$ 2,340,603
Investment Income	89,100	67,928	29,617	1,684
Trolley Rentals	-	-	2,075	985
Total Revenues	<u>2,443,115</u>	<u>2,587,830</u>	<u>2,701,484</u>	<u>2,343,272</u>
Expenditures:				
Public Works	1,200,969	1,085,476	903,116	1,402,855
Capital Outlay	<u>179,997</u>	<u>1,516,952</u>	<u>4,023,523</u>	<u>856,688</u>
Total Expenditures	<u>1,380,966</u>	<u>2,602,428</u>	<u>4,926,639</u>	<u>2,259,543</u>
Excess (Deficiency) of Revenues over Expenditures	1,062,149	(14,598)	(2,225,155)	83,729
Transfer Out (Schedule I-A) ¹	-	-	-	(954,008)
Net Change in Fund Balance	1,062,149	(14,598)	(2,225,155)	(870,279)
Fund Balance, Beginning	<u>3,087,461</u>	<u>4,149,610</u>	<u>4,135,012</u>	<u>1,909,857</u>
Fund Balance, Ending	<u>\$ 4,149,610</u>	<u>\$ 4,135,012</u>	<u>\$ 1,909,857</u>	<u>\$ 1,039,578</u>

Source: City of Homestead Comprehensive Annual Financial Reports and General Ledgers

¹ The City of Homestead transferred this amount to the Multimodal Transit Center Fund for use in developing a park-and-ride garage.

² Amounts differ from those on Schedule IV due to timing differences.

These Financial Statements are not complete without the accompanying Independent Auditors' Reports and Notes.

**Charter County Transportation System Surtax Review - City of Homestead
Multimodal Transit Center Fund Financial Statements**

Balance Sheet, September 30, 2017	
Description	Amount
Restricted Assets:	
Cash and Cash Equivalents	\$ 972,967
Investments	30,888,570
Total Assets	<u>\$ 31,861,537</u>
Liabilities and Fund Balance:	
Due to Other Funds	\$ 3,513,723
Restricted Fund Balance	28,347,814
Total Liabilities and Fund Balance	<u>\$ 31,861,537</u>
Statement of Revenues, Expenditures, and Change in Fund Balance	
For the Fiscal Year Ended September 30, 2017	
Description	Amount
Revenues:	
Interest Income	<u>\$ 12,204</u>
Expenditures:	
Capital Outlay	3,513,723
Debt Service	544,675
Total Expenditures	<u>4,058,398</u>
Deficiency of Revenues over Expenditures	(4,046,194)
Taxable Transportation System Revenue Bonds Issued	31,440,000
Transfer In (Schedule I)	954,008
Fund Balance	<u>\$ 28,347,814</u>

Source: City of Homestead Comprehensive Annual Financial Report

These Financial Statements are not complete without the accompanying Independent Auditors' Reports and Notes.

**Charter County Transportation System Surtax - City of Homestead
Claimed Surtax Expenditures, as Adjusted**

Description	Fiscal Year Ended September 30,					All Years
	2014	2015	2016	2017		
Transit Expenditures:						
Multimodal Transit Center Land Acquisition ¹	\$ -	\$ -	\$3,359,416	\$ 711,616		\$4,071,032
Trolley Operations and Maintenance	348,430	398,305	507,145	539,646		1,793,526
Multimodal Transit Center Professional Services ¹	-	81,398	104,645	327,804		513,847
Diesel Fuel	52,052	44,580	44,715	46,797		188,144
Trolley Purchase, net of Grant Proceeds	-	-	-	76,184		76,184
Trolley Signage and Supplies	16,745	11,484	7,054	6,252		41,535
Liability Insurance	11,119	10,783	6,021	11,575		39,498
Marketing	19,208	193	-	-		19,401
Total Claimed	447,554	546,743	4,028,996	1,719,874		6,743,167
Less - Disallowed Multimodal Transit Center Costs ¹	-	(81,398)	(3,464,061)	(1,039,420)		(4,584,879)
Total Transit Expenditures, as Adjusted	\$ 447,554	\$ 465,345	\$ 564,935	\$ 680,454		\$2,158,288
Transportation Expenditures:						
Paving	\$ 91,544	\$1,404,504	\$ 567,632	\$ -		\$2,063,680
Street Maintenance Salaries and Fringe Benefits	226,682	221,678	217,008	228,939		894,307
Surveying and Engineering Costs	280,634	359,306	49,199	86,126		775,265
Land Acquisition	197,435	-	-	139,500		336,935
Contract Services	115,774	46,400	45,998	45,998		254,170
Administrative Costs	13,743	17,547	17,806	39,106		88,202
Construction Materials	7,600	6,250	-	-		13,850
County Transit System Surtax Fund Expenditures	933,412	2,055,685	897,643	539,669		4,426,409
Additional General Fund Expenditures:						
Street Lighting Utilities	697,686	695,809	695,337	684,800		2,773,632
Street Maintenance and Construction	358,382	286,837	315,720	392,814		1,353,753
Public Works Salaries and Fringe Benefits	233,638	234,995	228,685	231,686		929,004
Repair and Support Services	143,834	111,667	97,237	98,738		451,476
	1,433,540	1,329,308	1,336,979	1,408,038		5,507,865
Total Transportation Expenditures	\$2,366,952	\$3,384,993	\$2,234,622	\$1,947,707		\$9,934,274

Source: City of Homestead General Ledgers and Accounting Records

¹ Multimodal Transit Center expenditures, including land acquisition and professional services, are disallowed because the allocation of costs eligible for Surtax has not been determined by the Citizens' Independent Transportation Trust.

Charter County Transportation System Surtax Review - City of Homestead
Surtax Proceeds Usage Analysis

Description	Fiscal Year Ended September 30,				All Years
	2014	2015	2016	2017	
Revenues: (Schedule I)					
Surtax Proceeds	\$ 2,354,015	\$ 2,519,902	\$ 2,669,792	\$ 2,340,603	\$ 9,884,312
Investment Income	89,100	67,928	29,617	1,684	188,329
Trolley Rentals	-	-	2,075	985	3,060
Total Revenues	<u>\$ 2,443,115</u>	<u>\$ 2,587,830</u>	<u>\$ 2,701,484</u>	<u>\$ 2,343,272</u>	<u>\$ 10,075,701</u>
Surtax Uses:					
Eligible Transit Expenditures (Schedule II)	<u>\$ 447,554</u>	<u>\$ 465,345</u>	<u>\$ 564,935</u>	<u>\$ 680,454</u>	<u>\$ 2,158,288</u>
Eligible Transportation Expenditures (Schedule II)	<u>\$ 2,366,952</u>	<u>\$ 3,384,993</u>	<u>\$ 2,234,622</u>	<u>\$ 1,947,707</u>	<u>\$ 9,934,274</u>
Less Maintenance of Effort (Table I)	<u>(1,219,161)</u>	<u>(1,219,161)</u>	<u>(1,219,161)</u>	<u>(1,219,161)</u>	<u>(4,876,644)</u>
Expenditures Available For Surtax Use	<u>\$ 1,147,791</u>	<u>\$ 2,165,832</u>	<u>\$ 1,015,461</u>	<u>\$ 728,546</u>	<u>\$ 5,057,630</u>
AMS Analysis:					
Transit-Related Expenditures:					
Expenditures Available for Surtax Use	\$ 447,554	\$ 465,345	\$ 564,935	\$ 680,454	\$ 2,158,288
Less 20% Minimum Amount ¹	(470,803)	(503,980)	(533,958)	(468,121)	(1,976,862)
Less Trolley Rentals	-	-	(2,075)	(985)	(3,060)
(Increase) Decrease in Rollover Amounts	<u>\$ (23,249)</u>	<u>\$ (38,635)</u>	<u>\$ 28,902</u>	<u>\$ 211,348</u>	<u>\$ 178,366</u>
Analysis of Unspent Rollover:					
Beginning Balance ²	\$ 854,058	\$ 877,307	\$ 915,942	\$ 887,040	\$ 854,058
Increase (Decrease) In Unspent Amounts	<u>23,249</u>	<u>38,635</u>	<u>(28,902)</u>	<u>(211,348)</u>	<u>(178,366)</u>
Remaining Unspent Amount	<u>\$ 877,307</u>	<u>\$ 915,942</u>	<u>\$ 887,040</u>	<u>\$ 675,692</u>	<u>\$ 675,692</u>
Transportation-Related Expenditures:					
Expenditures Available for Surtax Use	\$ 1,147,791	\$ 2,165,832	\$ 1,015,461	\$ 728,546	\$ 5,057,630
Less Remaining 80% Amount ¹	<u>(1,883,212)</u>	<u>(2,015,922)</u>	<u>(2,135,834)</u>	<u>(1,872,482)</u>	<u>(7,907,450)</u>
Less Interest Income	<u>(89,100)</u>	<u>(67,928)</u>	<u>(29,617)</u>	<u>(1,684)</u>	<u>(188,329)</u>
(Increase) Decrease in Rollover Amounts	<u>\$ (824,521)</u>	<u>\$ 81,982</u>	<u>\$ (1,149,990)</u>	<u>\$ (1,145,620)</u>	<u>\$ (3,038,149)</u>
Analysis of Unspent Rollover:					
Beginning Balance ²	\$ 2,608,709	\$ 3,433,230	\$ 3,351,248	\$ 4,501,238	\$ 2,608,709
Increase (Decrease) In Unspent Amounts	<u>824,521</u>	<u>(81,982)</u>	<u>1,149,990</u>	<u>1,145,620</u>	<u>3,038,149</u>
Remaining Unspent Amount	<u>\$ 3,433,230</u>	<u>\$ 3,351,248</u>	<u>\$ 4,501,238</u>	<u>\$ 5,646,858</u>	<u>\$ 5,646,858</u>

¹ At least 20% of the Surtax Proceeds must be used on Transit-related projects, such as circulator buses, and the remaining funds (80%) are earmarked for eligible Transportation projects.

² Per the September 30, 2014 Audit Report.

**Charter County Transportation System Surtax Review
Summary of Payments to Municipalities**

Municipality	Prior to Fiscal Year 2013	Fiscal Year Ended September 30,					All Years
		2013	2014	2015	2016	2017	
City of Miami ¹	\$ 116,849,163	\$ 14,564,114	\$ 15,424,405	\$ 16,414,208	\$ 16,889,133	\$ 16,523,990	\$ 196,665,013
City of Hialeah	68,960,371	8,118,432	8,457,199	8,983,772	9,243,159	9,346,775	113,109,708
City of Miami Beach	27,484,782	3,166,271	3,351,080	3,552,358	3,670,335	3,678,499	44,903,325
City of North Miami	17,943,986	2,107,503	2,212,494	2,328,969	2,454,241	2,473,804	29,520,997
City of Miami Gardens ²	10,352,937	3,837,951	3,985,238	4,199,539	4,336,722	4,409,954	31,122,341
City of Homestead	13,789,737	2,204,159	2,354,015	2,519,902	2,669,792	2,788,854	26,326,459
City of Coral Gables	13,391,235	1,685,507	1,781,041	1,897,394	1,955,854	1,981,236	22,692,267
City of North Miami Beach	12,435,165	1,493,737	1,566,354	1,659,574	1,733,203	1,746,039	20,634,072
City of Aventura	8,891,581	1,280,248	1,385,071	1,436,028	1,494,036	1,502,980	15,989,944
Town of Miami Lakes ¹	7,766,182	1,052,533	1,095,293	1,172,205	1,209,319	1,211,635	13,507,167
City of Doral ²	3,642,653	1,667,049	1,767,800	1,925,900	2,120,606	2,232,433	13,356,441
Village of Palmetto Bay	7,423,535	841,373	879,379	930,008	952,951	956,304	11,983,550
Town of Cutler Bay ^{2,3}	3,886,873	1,453,608	1,541,361	1,643,660	1,721,858	1,769,140	12,016,500
City of Hialeah Gardens	6,178,662	780,808	816,410	859,975	904,713	922,372	10,462,940
City of Sunny Isles Beach	5,376,896	752,852	795,768	834,090	869,990	866,019	9,495,615
Village of Pinecrest ⁴	5,225,789	1,205,816	686,122	723,235	737,876	738,316	9,317,154
City of Opa-locka ⁶	4,640,264	552,018	580,600	556,122	90,323	195,000	6,614,327
City of Miami Springs	4,113,990	496,146	522,095	550,052	562,418	565,087	6,809,788
City of Sweetwater ¹	4,077,699	390,842	326,534	275,281	273,778	133,332	5,477,466
City of South Miami	3,280,419	443,069	504,946	538,750	546,219	547,720	5,861,123
Village of Key Biscayne	3,415,345	443,069	461,282	489,679	502,197	508,734	5,820,306
Miami Shores Village	3,145,976	368,810	384,663	408,970	419,557	420,697	5,148,673
City of Florida City	2,794,031	419,450	440,752	477,906	498,385	504,443	5,134,967
North Bay Village	1,965,557	263,374	279,848	299,797	314,789	328,007	3,451,372
City of West Miami	1,770,807	214,600	224,057	235,786	241,053	241,373	2,927,676
Town of Surfside	1,666,675	206,033	214,832	226,558	229,428	228,739	2,772,265
Town of Bay Harbor Islands	1,566,561	201,912	214,053	227,105	231,953	222,682	2,664,266
Village of Biscayne Park	994,312	110,094	115,264	122,506	125,900	126,220	1,594,296
Bal Harbour Village	948,405	89,667	110,690	113,983	114,472	111,421	1,488,638
Village of Virginia Gardens	704,328	85,654	89,044	94,354	96,229	96,903	1,166,512
Village of El Portal ⁵	751,852	83,900	87,815	88,880	6,467	174,873	1,193,787
Town of Medley	333,660	29,889	31,913	33,823	34,442	33,529	497,256
Town of Golden Beach ¹	262,985	33,042	34,366	35,427	36,766	37,221	439,807
Indian Creek Village ⁷	3,604	-	-	-	-	-	3,604
	\$ 366,036,017	\$ 50,643,530	\$ 52,721,784	\$ 55,855,796	\$ 57,288,164	\$ 57,624,331	\$ 640,169,622

Source: Office of the Citizens' Independent Transportation Trust (OCITT) and the County's Financial Accounting Management Information System

¹ Amounts are net of withholdings of \$76,553 from the Town of Miami Lakes, \$1.4 million from the City of Sweetwater, \$21,058 from the Town of Golden Beach, and \$1.4 million from the City of Miami, due to specific instances of noncompliance.

² Pursuant to the respective Interlocal and/or Settlement Agreements, these Municipalities, which were incorporated after November 2002, are receiving a share of the County's Surtax Proceeds consistent with the other Municipal distributions.

³ As per OCITT, Municipality received \$3,000 in excess of amounts due for Fiscal Year (FY) 2012, which was corrected in FY 2013.

⁴ In FY 2009, \$551,589 was returned by the Village of Pinecrest for their unspent Transit portion of funding as of September 30, 2007.

In FY 2013, OCITT returned the monies to the Village.

⁵ Amount in FY 2016 is net of \$84,069 withheld due to instances of noncompliance, which was returned in FY 2017 by OCITT.

⁶ A total of \$1.2 million is being withheld from the City of Opa-locka due to instances of noncompliance. In addition, starting with FY 2017, the payments recorded herein include amounts that may have been due from a prior fiscal year.

⁷ A total of \$29,097 has been withheld from Indian Creek Village, at their request, since FY 2007.

Charter County Transportation System Surtax Review – City of Homestead
Status of Prior Audit Findings¹

Finding	Recommendation	Auditee Response	Current Status
Use of Surtax Proceeds			
The City of Homestead (City) failed to claim \$6.1 million of eligible costs that it had used in the past to satisfy the Maintenance of Effort (MOE), and also claimed ineligible expenses totaling \$705,000.	Prospectively, City staff should ensure that all eligible costs are claimed and accurately reported.	Noted.	<u>Resolved</u>
Trolley Operator			
The City accessed the City of Doral's contract to hire its Trolley vendor. That vendor charged the City hourly rates that were higher than most other municipalities.	Request competitive bidding for Trolley operations, or access a lower-cost contract.	The City plans to put the contract out for a formal competitive bid.	<u>Resolved</u>
Rollover of Unused Funds			
As of September 30, 2013, Surtax Proceeds available for carryover were \$3.5 million. According to the City's most recent Five-Year Transportation Plan, unspent Transit dollars will be used to operate the expanded Trolley System, estimated to cost \$3.1 million over the next five years. Future Transportation expenditures of \$9.5 million included \$6.1 million designated for road improvements, with no specific locations or projects.	The City should submit a more definitive Five-Year Transportation Plan, specifying how rollover monies will be used. More importantly, the City should more diligently monitor unspent funds to minimize the risk of recapture.	The City's Fiscal Year 2015 Five-Year Plan contained projects that agreed to the City's budget documents.	<u>Unresolved</u> While the Five-Year Plans contain specific projects to reduce unspent funds, the majority of planned costs (\$1.4 million annually) are for debt service relating to the City's Multimodal Center, which may not be an eligible use of Surtax Proceeds. See Pages 3-4 of the Audit Report.

¹ For the full text, see the September 30, 2014 Audit Report and the Response dated August 26, 2015.